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**Financial Institutions &  
Insurance Committee**

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**HB 1779**

**Brief Description:** Restricting adverse underwriting decisions for homeowners' insurance.

**Sponsors:** Representatives Schual-Berke, Roach and Morrell.

**Brief Summary of Bill**

- When an insurer obtains the information from the insured's own records or from a consumer reporting organization, absent a claim being filed, an insurer taking an adverse action with respect to homeowner's insurance may consider the fact that an insured made an inquiry about coverage *only* in combination with other substantive underwriting factors.

**Hearing Date:** 2/22/05

**Staff:** CeCe Clynch (786-7168).

**Background:**

The Office of the Insurance Commissioner (OIC) is responsible for the licensing and regulation of insurance companies doing business in Washington, including those selling homeowners' policies. Current law prohibits "unfair discrimination" between insureds that have substantially similar risk factors, exposure factors, and expense elements.

Consumer reporting organizations operate databases of consumer claims. Probably the most commonly known of these databases are the Comprehensive Loss Underwriting Exchange (CLUE) operated by ChoicePoint and the A-PLUS Property Database. Reports from these databases contain consumer claim information provided by the insurance companies. They include policy information such as name, date of birth, and policy number, claim information, and a description of the property covered. Up to five years of claims history information is included.

These reports are accessible by the owner of the property as well as the insurer. Under the Fair Credit Reporting Act (Act), an owner can request a copy of a report and may challenge the accuracy of specific information or enter a statement explaining a loss more fully. The Act also allows the insurer to access the reports for underwriting purposes. An insurer may consider information regarding inquiries made by the insured about the nature or extent of coverage even when no claim resulted.

**Summary of Bill:**

"Adverse action" is defined as in the Act. "Adverse actions" include cancellation; denial; nonrenewal of insurance coverage; charging a higher premium; applying a rating rule or assigning a rating tier that does not have the lowest available rates; placement with an affiliate that does not offer the lowest rates; or any unfavorable change in the terms of coverage under a homeowners' insurance policy.

When an insurer obtains the information from an insured's records or from a consumer reporting organization, absent a claim actually being filed, an insurer taking an adverse action with respect to homeowners' insurance may take into account the fact that an insured made an inquiry about coverage *only* in combination with other substantive underwriting factors.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.